

# CRS Report for Congress

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## Arts and Humanities: Background on Funding

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### Summary

Funding for the arts and humanities is a perennial issue in Congress. Although arts funding represents less than 1% of the Bush Administration's FY2005 total estimated budget authority, Congress continues to address the concern of whether or not federal funding is crucial to sustain arts institutions. The majority of federally funded arts and humanities programs are contained in the Department of Interior and Related Agencies appropriations bill. The Interior appropriations provide funding for the National Foundation on the Arts and the Humanities, including the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The Office of Museum Services, within the Institute of Museum and Library Services (OMS/IMLS), is now under the jurisdiction of the Labor, Health and Human Services, and Education and Related Agencies appropriations (L-HHS-ED). The Bush Administration's FY2005 budget proposed \$139.4 million for the NEA, and \$162.0 million total for the NEH. The House-passed Interior appropriations bill for FY2005 would have provided \$131.0 million for the NEA and \$142.0 million for NEH; the Senate-reported bill would have provided \$121.0 million for NEA and \$135.0 million for NEH. After a series of continuing resolutions, the final FY2005 Consolidated Appropriations Act (P.L. 108-447) provided \$123.0 million for the NEA, and \$140.0 million for the NEH (FY2005 Interior appropriations figures including NEA and NEH do not yet reflect the .8% reduction enacted.) The Office of Museum programs within IMLS will receive \$34.7 million for FY2005 (figures adjusted according to IMLS for the 0.80% rescission enacted.)

### Background

Of the estimated 200+ arts and humanities programs scattered throughout federal agencies, it appears that the majority of arts and humanities funding is through the Department of Interior appropriations.<sup>1</sup> President Bush's FY2005 budget request (\$2.35

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<sup>1</sup> The federal government also provides support for the arts through tax expenditures, such as the  
(continued...)

trillion in budget authority, \$2.40 trillion in outlays) included far less than 1% for arts and humanities-related spending. The NEA and the NEH combined specifically constitute an estimated 0.01% of the FY2005 budget.<sup>2</sup> The Department of Interior and Related Agencies Appropriations for FY2004 (P.L. 108-108) provided a total of \$121.0 million for NEA and \$135.0 million for NEH, representing approximately 0.01% of total budget authority.

## Arts Programs

Three of the major arts programs funded by the federal government include the NEA, the NEH, and the Office of Museum Services within the Institute of Museum and Library Services (OMS/IMLS). NEA provides direct grants to art institutions, grants for programs of national significance, and a limited number of individual grants for Literature fellowships, Jazz masters, and National Heritage Fellowships in the folk and traditional arts. NEA has awarded approximately 120,000 grants for fifty states and six U.S. jurisdictions since 1965. State arts agencies, in compliance with the Congressional mandate, are now receiving over 40% of NEA grant-making funds. In addition to providing state arts grants, NEA administers the Challenge America Arts fund.<sup>3</sup> NEH supports grants for humanities education, research, preservation, public humanities programs, and grants under the jurisdiction of 56 state humanities councils, and has initiated a “We the People” program. NEH also supports a Challenge grant program to stimulate and match private donations in support of humanities institutions. Since its creation, NEH has provided approximately 61,000 grants to all states. Within IMLS, the OMS supports general operations grants for museums, museum leadership grants, museum conservation grants, and museum assessment.<sup>4</sup> In the past 25 years, the IMLS’s Office of Museum Services has awarded approximately 44,000 grants totaling over \$400 million, aiding museums of all types. OMS is now under the jurisdiction of the Labor, Health and Human Services, and Education and Related Agencies appropriations (L-HHS-ED) instead of Interior and Related Agencies appropriations. The rationale for this transfer was that the Office of Library Services, the larger of the two components of IMLS, was already under L-HHS-ED appropriations, and having one single funding stream appeared to be simpler.

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<sup>1</sup> (...continued)

deduction for charitable contributions to the arts, humanities, and culture on income tax and on gift and estate taxes.

<sup>2</sup> An estimate of the FY2005 total budget authority (\$2.35 trillion) would include less than 0.1% of the total budget authority for arts and humanities-related spending. This figure is calculated based on programs in the FY2005 budget, and using the *Catalog of Federal Domestic Assistance* (Online, 2004, [<http://www.cfda.gov>]) designations for arts and humanities programs. (For estimated total U.S. budget authority, see U.S. Budget, *Historical Tables, FY2005*, Tables 5.1 and 6.1.)

<sup>3</sup> The Challenge America Arts fund is a program of matching grants for arts education, outreach, and community arts activities for rural and under served areas. Because the NEA administers the Challenge America Arts fund, it is required to submit a detailed report to the House and Senate appropriations committees describing the use of funds for the Challenge America fund program.

<sup>4</sup> The IMLS and the Office of Museum Services have been reauthorized through FY2009 by P.L. 108-81, the Museum and Library Services Act.

## FY2005 Budget Request

The Bush Administration's FY2005 budget proposed \$139.4 million for NEA (including an additional \$22.0 million for the Challenge America Arts Fund). In the NEA budget, NEA's direct grants would constitute an estimated \$47.1 million. A new national initiative called *American Masterpieces* proposed to be funded at \$15.0 million included touring programs, local presentations, and arts education programs in the fields of dance, visual arts, and music. For IMLS, the FY2005 budget would have provided \$262.2 million, and of that amount the Office of Museum Services would have received \$41.75 million, for grants and administration. This would have included \$19.7 million for "Museums for America," a program to build the "capacity of museums to serve communities through technology and education." For NEH, the FY2005 budget would have provided \$162.0 million, an increase of 20% over the FY2004 appropriation of \$135.3 million. NEH's FY2005 budget proposed \$33.0 million for the "We the People" initiative, a significant increase over the FY2004 appropriation of \$9.9 million. These grants include model curriculum projects for schools to improve course offerings in the humanities — American history, culture, and civics. The FY2005 budget proposed \$89.9 million to support NEH's grant programs for education, research, preservation and access, public programming in the humanities, and programs of the 56 state humanities councils; and \$16.1 million would have funded the NEH Challenge Grants program and Treasury funds to stimulate private donations.

## FY2005 Funding

On June 17, 2004, the House passed H.R. 4568, the Interior and Related Agencies appropriations bill for FY2005. The bill contained \$131.0 million for NEA and \$142.0 million for NEH. On June 16, 2004, a floor amendment by Representative Slaughter provided an additional \$10 million for the NEA and an additional \$3.5 million for the NEH's "We the People" program, with the cost of the amendment being offset by cuts in administrative costs at the Interior Department. The amendment was agreed to (by a roll call vote of 241 to 185) on June 16, 2004. The Senate committee-reported bill for FY2005 would have provided \$135.3 million for NEH and \$121.0 million for NEA, the same as the FY2004 enacted levels.

Funding for the Office of Museum Services (OMS) within IMLS and for the Arts in Education program in the Department of Education are both under the jurisdiction of the L- HHS-ED appropriations. The House-passed bill for L-HHS-ED for FY2005 would have provided \$261.7 million for IMLS and \$41.75 million for the Office of Museum Services. The Senate-reported bill for FY2005 would have provided \$38.7 million for the Office of Museum Services and \$262.2 million for IMLS.

For final FY2005 funding, the Consolidated Appropriations Act, 2005 (P.L. 108-447) provided \$123.0 million for NEA and \$140.0 million for NEH (these figures do not yet reflect the .8% reduction enacted.) The conference added \$2 million to NEA's funding for the "American Masterpieces" program. The Consolidated Appropriations Act provided \$34.7 million for the Office of Museum programs (OMS) within IMLS, \$39.9 million for "Congressionally directed grants" and \$205.9 million for Library programs for a total of \$280.6 million for the total for IMLS. P.L. 108-447 also provided \$35.9 million for the Arts in Education program.

## FY2004 Funding

The Department of Interior and Related Agencies Appropriations Act for FY2004 (P.L. 108-108), provided \$121.0 million for NEA (including \$21.7 million for the Challenge America Arts Fund) and \$135.0 million for NEH.<sup>5</sup> The final law took into account a 0.646% reduction in P.L. 108-108. In addition, figures were reduced by 0.59% pursuant to P.L. 108-199, the Consolidated Appropriations Act, 2004.

The final omnibus appropriations law (P.L. 108-199) provided \$31.4 million for OMS, and \$198.2 million for the Office of Library Services, plus \$32.6 million for certain earmarks, for a total of \$262.2 million for IMLS. For Arts in Education, the omnibus appropriation for FY2004 (P.L. 108-199) provided \$35.1 million for the Arts in Education program through the Fund for Improvement of Education.

## Reauthorization of the Institute of Museum and Library Services (IMLS)

The legislation authorizing the IMLS expired at the end of FY2002. However, funding was carried through appropriations law until enactment of P.L. 108-81. H.R. 13, the Museum and Library Services Act of 2003, which authorized funding for IMLS through FY2009 was signed into law on September 24, 2003 as P.L. 108-81. The new provisions for P.L. 108-81 concerning museums are already in statute as follows:

- includes new “obscenity clause” provisions requiring the IMLS Director to establish procedures to prohibit funding to any project that has been “determined to be obscene” in the judgment of the courts, and require the Director in making grants to “take into account consideration of general standards of decency and respect for the diverse beliefs and values of the American public.” The new law uses the definition of obscenity that was formulated by the United States Supreme Court in *Miller vs. California* (413 U.S. 15 [1973]), and this language was carried through Interior appropriations and became amendments to the NEA statute (National Foundation on the Arts and the Humanities Act, as amended (20 U.S.C. § 954(d)). (See CRS Report RS21509, *Museum and Library Services Act of 2003: Using “Obscenity” and “Decency” Criteria in Selecting Grantees.*)
- clarifies and expands the definition of “museum” specifically stating that they include aquariums, arboretums, botanical gardens, art museums, children’s museums, general museums, historic houses and sites, nature centers, history museums, natural history and anthropology museums, planetariums, science and technology centers, specialized museums, and zoos.
- revises the museum subsection on “purposes” to restate the importance of museums’ public service role of connecting the whole of society to our

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<sup>5</sup> During House consideration of the Interior and Related Agencies appropriations for FY2004, H.R. 2691, the House agreed to an amendment (Rep. Slaughter) that increased funding for NEA by \$10 million and for NEH by \$5 million, while offsetting these amounts through decreases in the National Park Service, Departmental management, and Forest Service.

cultural heritage; reemphasize the educational role of museums through leadership and innovative technologies; create the highest standards of management and services for museum operations; support resource sharing and partnerships among museums, libraries, schools, and other community organizations. The law requires that the IMLS director carry out and publish analyses of the “impact” of museum and library services.

- authorizes the Office of Museum Services director to enter into contracts and cooperative agreements to help pay the federal share (50% share, with an exception that by arrangement, 20% of the funds may be used to pay above a 50% share for museum services) for a broader range of museum activities, including learning partnerships and collaborations among museums, libraries, schools, and other community organizations; new technologies to enhance access to museums; and specialized programs for under served areas.
- authorizes the Office Museum Services at \$38.6 million for FY2004 and “such sums” as may be necessary for FY2005-FY2009.

P.L. 108-81 also included amendments to the National Commission on Libraries and Information Science Act and the Arts and Artifacts Indemnity Act to raise liability limits to \$8 billion. For those aspects of P.L. 108-81 related to libraries, see CRS Report RL31320, *Federal Aid to Libraries: The Library Services and Technology Act*.

## **Private Giving to the Arts and Humanities**

*Giving USA*, a publication by the AAFRC (American Association of Fundraising Counsel) Trust for Philanthropy, provides an annual report on philanthropy. According to *Giving USA 2004*, private giving to organizations in the arts, culture, and humanities category totaled \$13.11 billion in 2003. This represents 5.4% of total estimated giving (\$240.7 billion) in 2003. In current dollars, private giving to the arts, culture and humanities reflects an increase of 7.3% over 2002. One of the largest gifts reported in 2003 was for \$300 million, the value of the Meyerhoff art collection, which was transferred to the National Gallery of Art.

**Table 1. FY2002-FY2005 Appropriations for Selected Arts and Humanities Programs**

	<b>FY2002 approp.</b>	<b>FY2003 approp.</b>	<b>FY2004 approp.</b>	<b>FY2005 budget request</b>	<b>FY2005 House passed</b>	<b>FY2005 Senate comm.</b>	<b>FY2005 Approp.</b>
National Endowment for the Arts (NEA) (Grants, Admin.) <sup>a</sup>	\$98,234,000	\$115,732,000	\$120,972,000	\$139,400,000	\$130,972,000	\$120,972,000	\$122,972,000
Challenge America Arts Fund <sup>a</sup>	17,000,000	16,889,000	21,729,000	22,000,000	21,729,000	21,729,000	21,729,000
NEA total	115,234,000	115,732,000	120,972,000	139,400,000	130,972,000	120,972,000	122,972,000
National Endowment for the Humanities (NEH)	124,504,000	124,936,000	135,310,000	162,000,000	141,999,000	135,310,000	139,999,000
Office of Museum Services, IMLS	26,899,000	28,637,000	31,403,000	41,750,000	41,750,000 <sup>d</sup>	38,680,000 <sup>d</sup>	34,724,000 <sup>d</sup>
Institute of Museum and Library Services IMLS — total <sup>b</sup>	224,501,000	243,890,000	262,240,000	262,240,000	261,743,000 <sup>d</sup>	262,240,000 <sup>d</sup>	280,564,000 <sup>d</sup>
Smithsonian <sup>c</sup>	420,960,000 t518,860,000	446,096,000 t544,875,000	488,653,000 t596,279,000	499,125,000 t628,025,000	496,925,000 t619,825,000	490,125,000 t627,025,000	495,925,000 t623,825,000
Kennedy Center	38,310,000	33,690,000	32,159,000	33,486,000	27,152,000	33,486,000	33,486,000
National Gallery of Art	85,335,000	92,842,000	98,225,000	104,100,000	104,100,000	103,119,000	104,100,000
Commission of Fine Arts	1,224,000	1,216,000	1,405,000	1,793,000	1,793,000	1,793,000	1,793,000
Institute of American Indian, and Alaska Native Culture and Arts Development	4,490,000	5,454,000	6,173,000	6,000,000	6,000,000	6,000,000	6,000,000
Holocaust Memorial Council	36,028,000	38,412,000	39,505,000	41,433,000	41,433,000	41,433,000	41,433,000
Arts in Education <sup>d</sup>	30,000,000	33,779,000	35,071,000	0	0	40,500,000	35,920,000

a. With the exception of the FY2002 number, the NEA Grants and Administration total now includes the Challenge America Arts Fund.

b. The total for IMLS includes congressional earmarks in FY2002 (\$29.5 million), FY2003 (\$35.1 million), FY2004 (\$32.6 million), and FY2005 (\$39.9 million).

c. The top figure for Smithsonian is for Salaries and Expenses. The lower figure in the table is the total (**t = total**) appropriation including repair and construction.

d. Both IMLS and Arts in Education are under L-HHS-ED appropriations. P.L.108-447 provided final FY2005 appropriations (-0.80% reflected in IMLS, not in arts in education.)